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REPORT

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

(Together with Dissenting, Supplemental, and Minority Views)

TO THE

COMMITTEE ON THE BUDGET

PURSUANT TO THE

CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT

MARCH 15, 1982

Printed for the use of the Committee on Agriculture

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[1] Resigned from Committee Oct. 7, 1981.
[2] Elected to Committee Dec. 16, 1981.

LETTER OF TRANSMITTAL

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C., March 15, 1982.

Hon. JAMES R. JONES,
Chairman, Committee on the Budget, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In compliance with section 301 of the Congressional Budget Act of 1974, I am transmitting to you the fiscal year 1983 report of the Committee on Agriculture on budget items under its jurisdiction.

The Committee's budget analysis process included three days of review by an Ad Hoc Subcommittee of 16 Members, and action by the full Committee over a period of two days. The Committee, in its deliberations, was mindful of projected budget deficits. Likewise, it was necessarily mindful of a farm price and income situation comparable to that existing during the depths of the Great Depression. In shaping its recommendations for fiscal year 1983 spending, the Committee was motivated by concern for both of these painful realities.

With respect to many of the programs under its jurisdiction, the Committee had no recommendations differing from the proposals of the President's budget. In others, such as funding for the Forest Service and for agricultural research and extension, it adopted the overall agency spending levels of the President's budget but made numerous adjustments among individual programs to reflect Committee judgments concerning appropriate priorities.

There are, however, some programs for which the Committee has recommended levels exceeding those estimated or proposed by the President. In this connection, programs under the Committee's direct spending jurisdiction include the important commodity and related loan programs of the Commodity Credit Corporation. The Committee has adopted the latest Congressional Budget Office outlay estimate of $7.382 billion as a realistic figure for these programs for fiscal year 1983. It should be noted, however, that the Administration estimate for these programs was $1.819 billion. After the Committee concluded its budget deliberations, the Administration tentatively reestimated the outlay figure at $6.750 billion. Given the difficulty of making projections concerning the agricultural economy well over a year in advance—due to variable factors such as weather, markets, and interest and inflation rates—it is perhaps not surprising that the estimates vary materially. The difference in view is, in this case, due to varying opinions as to events that do not lend themselves to easy prediction; all concerned have worked from a common underlying basis provided by the Agriculture and Food Act of 1981. Further, since the Secretary was directed by that Act to make farm storage facility loans available in storage

deficit areas and there is a need for such storage, the Committee has recommended an additional $50 million for this program above the $40 million level proposed by the President.

The Committee has also felt compelled to recommend certain significant changes in spending for programs authorized by it but funded in annual appropriations. For example, there is a broad consensus that conservation of our agricultural land is a matter of prime concern. Yet the President's budget proposes to cut funds sharply for some of the most effective conservation measures, among them the Agricultural Conservation and Great Plains Conservation Programs. In this connection, the Committee recommends restoration of funding to the fiscal year 1982 levels. Likewise, the President's budget proposes to reduce or eliminate funding for a series of programs carried out by the Animal and Plant Health Inspection Service (APHIS). The programs include activities crucial to the farm sector for the eradication or control of brucellosis, fire ants, grasshoppers, gypsy moths, golden nematodes and pink bollworms. So that these and other programs of APHIS may continue effectively, the Committee recommends that they be funded at the higher of the fiscal year 1982 levels or the levels proposed by the President for fiscal year 1983.

Another matter of broad interest is the funding of the Export Credit Revolving Fund authorized by the Agriculture and Food Act of 1981. The President's budget contains no funds for this purpose. In view of the concern over the seriously depressed level of farm prices and income, and the large domestic stocks of agricultural commodities, the Committee has recommended that this program be funded at a level of between $500 million and $1 billion for fiscal year 1983. By stimulating exports, the program would increase farm prices and income and thereby reduce the need for more costly Government price support assistance.

With respect to the Food Stamp Program, the Committee has followed an approach established in past years by recommending a range, namely between $11.743 billion (the CBO current services baseline) and $9.531 billion (the President's budget figure). The Committee plans to report out legislation reauthorizing the program for the 1983 and subsequent fiscal years. And the Administration will, it is understood, request certain revisions in the Food Stamp Act to achieve savings envisioned by the President's budget. The Committee would, however, point out that through the most strenuous efforts, it helped achieve cuts in the program totaling over $6 billion for fiscal years 1982 through 1983 through changes adopted in the Omnibus Budget and Reconciliation Act of 1981, and the Agriculture and Food Act of 1981. It will probably be most reluctant, in these circumstances, to support measures which would further reduce or eliminate food benefits for the Nation's needy, especially the working poor, in any substantial amount.

As to major outyear initiatives, the Presidential proposals within the Committee's jurisdiction include transfer of the Food Stamp Program to the States and the sale of Federal lands, including National Forest System lands, which are "higher value in private rather than

in public use." The Committee awaits the President's specific proposals in these areas; it is not disposed to approve them at this stage before a thorough review of all of the details.

The dire circumstances in the agricultural sector referred to above have also caused the Committee to recommend certain revisions in the President's proposals for the Credit Budget. It recommends restoring some of the rural development programs, including business and industrial loans and certain of the rural electrification programs, to the fiscal year 1982 levels. It should be noted that these latter programs, which include guaranteed and insured loans, have impact on the budget (if at all) largely only to the degree that interest subsidies are provided. Such subsidies were significantly reduced by the Omnibus Budget and Reconciliation Act of 1981. And the Committee expects to propose legislation to extend the Economic Emergency Loan Program which, under current law, expires on September 30, 1982. An economic emergency in agriculture does exist. While the Committee recommends funding of the program at a level of between $600 million and $1.4 billion for fiscal year 1983, it anticipates that amounts now in the revolving fund plus repayments on loans already made will provide adequate funding for this purpose.

Finally, the Committee has not made spending estimates for fiscal years 1984 and 1985. It would, however, seem reasonable to assume for present purposes that spending for those years would bear a relationship to the CBO baselines therefor similar to the relationship of the Committee's spending recommendations for fiscal year 1983 to the 1983 baseline.

We have summarized above most of the Committee recommendations which differ significantly from the President's budget. Our detailed comments appear in the enclosed report. A primary objective in preparing the report has been to respond to your request that the Committees address the various spending reduction and revenue raising proposals that will arise.

Sincerely,

E (KIKA) DE LA GARZA,
Chairman.

Enclosure.

I. VIEWS AND ESTIMATES ON PROGRAMS UNDER COMMITTEE'S JURISDICTION

	Fiscal year 1983 (millions)	
	Budget authority	Outlays
A. CBO baseline	$24,595	$26,795
CBO baseline presented here for all programs under the jurisdiction of the House Committee on Agriculture includes $31,000,000 in budget authority and $31,000,000 in outlays for the commodity supplemental food program (CSFP), which had been omitted from the baseline material received from the Committee on the Budget.		
B. Programs under the committee's spending jurisdiction	(3,285)	(5,394)
CBO baseline presented here for programs under the committee's spending jurisdiction includes only the estimate for the Commodity Credit Corporation (CCC), and does not include trust funds, contributed funds and other permanently appropriated accounts also under the committee's spending jurisdiction. The CBO baseline for CCC is based on January 1982 estimates.		
Committee's Major Programmatic Assumptions		
(a) Presidential initiatives:		
(1) Commodity Credit Corporation (CCC)	—	+1,988
The committee adopts the current Congressional Budget Office estimate of $7,382,000,000 for fiscal year 1983 outlays for commodity price support and related activities.		
Given imponderables and vagaries such as weather, markets, and interest rates, projections of CCC programs cost for the forthcoming year are tentative at best. At the time that the committee considered the President's budget the administration had estimated fiscal year 1983 CCC outlays to be $1,819,000,000, based on August 1981 crop production assumptions. The committee chose to adopt the more recent CBO estimates, although it is recognized that actual CCC outlays in fiscal year 1983 could fall anywhere within a range between the administration estimate and the committee adopted estimate. It is noted that the administration has since reestimated CCC 1983 outlays to be $6,750,000,000.		
(b) Committee initiatives:		
(1) Farm storage facility loans	—	+50
Sec. 1606 of the Agriculture and Food Act of 1981 directed the Secretary to carry out this program in storage deficit areas. Adequate farm storage is indispensable to permit farmers to store their production pending marketing. This is particularly true when there have been record crops, as in the past year, and farmers are being encouraged to participate in the producer reserve program to prevent further market gluts. The committee, therefore, recommends outlays of $90,000,000 for fiscal year 1983, a level exceeding by $50,000,000 the level proposed in the President's budget.		
(2) Other legislation	—	(*)
The committee notes with grave concern that current administration estimates of 1982 net farm income fall substantially below the disappointing 1981 farm income estimate of $22,900,000,000. Private forecasting firms concur that net farm income may fall within a range of $13,000,000,000 to $18,000,000,000 in 1982. In addition, the most recent index of prices received reports an average price for all commodities in February that is 8 percent below the year earlier price.		
Under the circumstances, the committee does not preclude the possibility that emergency price support legislation may be necessary later this year or early in the next session of Congress to address the serious economic problems currently affecting the farm sector.		
*Since it is impossible at this time to estimate the potential cost of such legislation in fiscal year 1983, the committee makes no adjustment in the CBO baseline, but advises the Committee on the Budget of the possibility of such legislation.		
Subtotal (a and b)	—	(+2,038)

I. VIEWS AND ESTIMATES ON PROGRAMS UNDER COMMITTEE'S JURISDICTION—Continued

	Fiscal year 1983 (millions)	
	Budget authority	Outlays
C. Programs authorized by the committee but funded in annual appropriations	($21,309)	($21,401)

Committee's Major Programmatic Assumptions

(a) Presidential initiatives:

(1) Agricultural Research Service, Cooperative State Research Service, and Extension Service — −6 —

The committee commends the action in the President's budget increasing overall funding for agricultural research. However, it does not concur with the proposal to expand research programs at the Federal level while simultaneously, in effect, reducing funding of formula grants to conduct agricultural research and extension at the State level. The committee notes the will of Congress in title XIV of 1977 and 1981 farm acts which clearly establish as national policy the strengthening of the formula grant system as the base system to expand agricultural research and extension during the coming decade.

In light of the foregoing, the committee recommends no overall increase in research and extension funds beyond the President's fiscal year 1983 request but does recommend a reduction of $13,361,000 from low priority programs in the Agricultural Research Service and a transfer of these funds to the Cooperative State Research Service and the Extension Service. Within CSRS, $214,000 of these funds are recommended for funding dairy goat research at Prairie View A. & M. University, Prairie View, Tex., pursuant to sec. 1432 of the Agriculture and Food Act of 1981. In addition, a $2,418,000 reduction is recommended in the CSRS competitive grants program for plant science.

The funds which the Committee recommends to be shifted from ARS to CSRS and the Extension Service are requested for distribution as follows:

Plus $7,669,000 to CSRS:

Sec. 1433 animal health and disease research	+$4,000,000
Hatch Act	+3,500,000
Cooperative forestry	+1,224,000
Special grants—to restore to fiscal year 1982 levels research on aquaculture and control of perennial weeds at Stoneville, Miss., and soybean cyst nematode in Missouri	+624,000
Dairy goat research at Prairie View	+214,000
Research at 1890 institutions	+525,000
Total	+10,087,000
Competitive grants (plant science)	−2,418,000
Total	+7,669,000

Plus $5,692,000 to ES:

Smith-Lever Act (sec. 3(b)(c))	+3,500,000
1890 institutions	+192,500
Renewable Resources Extension Act	+2,000,000
Total	+5,692,500

(2) Agricultural Stabilization and Conservation Service—Conservation cost share programs — −13 —

The President's budget proposes a precipitous reduction in funding the Agricultural Conservation program, and the consolidation within that reduced program of the forestry incentives, water bank and emergency conservation programs.

Given the impetus for increased production for domestic and export purposes, the Nation's most productive lands are being very heavily cultivated and marginal lands have been brought into production. One of the consequences has been increased erosion.

There is a broad consensus that increased conservation measures are imperative. Nothing could be more counterproductive than a large retrenchment in these programs. The committee, therefore, recommends restoring funding for the aforementioned programs to the fiscal year 1982 levels, resulting in an increase in the President's proposed budget of $164,100,000.

(3) Animal and Plant Health Inspection Service (APHIS) — −.7 —

The President's budget proposes elimination of (or sharp reduction in) numerous animal and plant health programs. Among them are programs which have represented long-term efforts to control or eliminate disease, many of which are approaching their ultimate goals. Interruption in these programs would result in loss of progress toward better animal and plant health and could result in enormous costs to agricultural producers.

Prime examples of programs affected by proposed budget cuts are those combatting brucellosis, fire ants, grasshoppers, gypsy moths, golden nematodes, witchweed, and the pink bollworm. The committee, therefore, recommends that the programs of APHIS be funded at the higher of the actual fiscal year 1982 levels or the fiscal year 1983 levels proposed in the President's budget. This would result in an increase in the agency budget of $59,535,000 above the President's proposal.

It is recommended that $1,500,000 of this amount be allocated as the Federal share of a joint pilot program with the States for the control and eradication of pseudorabies.

I. VIEWS AND ESTIMATES ON PROGRAMS UNDER COMMITTEE'S JURISDICTION—Continued

	Fiscal year 1983 (millions)	
	Budget authority	Outlays
C. Programs authorized by the committee but funded in annual appropriations—Con.		
(a) Presidential initiatives—Continued		
(4) Environmental Protection Agency—Pesticides	+$13	—
The committee recommends that Agency funding for salaries and expenses and abatement control and compliance be set at fiscal year 1982 levels to assure that the Agency's crucial mission in the pesticides area can be accomplished.		
(5) Food and Nutrition Service:		
i. Food stamp program	0 to −2,112	—
The President has proposed several major changes in the food stamp program as part of his fiscal year 1983 budget, all of which, taken together, are calculated to save $2,800,000,000, (of which $600,000,000 will be offset by the impact upon the program from reductions in AFDC and SSI benefits).		
Since the committee will be reauthorizing the food stamp program for fiscal year 1983, and beyond, and clearly will make some changes in the program, but, as yet, has not received the administration's detailed legislative proposals, no specific level of funding is recommended. Instead the committee supports a range of figures between the CBO current services baseline and the sums requested by the administration.		
ii. Nutrition assistance to Puerto Rico	—	—
The President proposes and the committee supports the continuation of the block grant for nutrition assistance for Puerto Rico which was mandated in the Omnibus Budget Reconciliation Act of 1981.		
iii. Nutrition assistance for the territories	−11	—
The President has proposed to provide nutrition assistance grants to the territories which combine food stamps with other nutrition programs in one block grant. The committee endorses this proposal.		
iv. Food donations program	+4	—
The President proposes an increase in funding because of the establishment of a food distribution program for low-income Indian households in the State of Oklahoma. The committee agrees.		
v. Commodity supplemental food program	0 to −31	—
The President has proposed to transfer WIC and the commodity supplemental food program to the Department of Health and Human Services as part of a block grant for services to women, infants, and children, at an overall reduction for both programs of $282,000,000.		
The committee supports a range between the block grant and continuation of this program at current services, including an additional $900,000 for 2 elderly demonstration projects in Detroit and New Orleans which have not yet begun.		
(6) Forest Service	−31	—
The committee recommends no overall changes in the funding levels for the Forest Service contained in the President's budget. However, it does recommend certain changes within accounts to reflect the committee's judgment on priorities. The volume of national forest system timber sold but not harvested is at a record level. While the President's budget projects a 12,300,000,000 board feet cut in fiscal year 1983, the level seems unrealistic given the backlog of timber sold and the continued depressed state of the housing market. The Forest Service road construction funding as proposed in the budget is, therefore, considered excessive. The committee recommends that it be reduced by $38,700,000 and that this amount be added to provide adequate funding for the following purposes:		
Timber stand improvement	+$12,200,000	
Wood residue utilization	+3,500,000	
State and private forestry	+12,000,000	
Forestry research	+11,000,000	
Further, the committee recommends a reallocation of $2,000,000 from budget funds for timber sales administration and management to the firescope program. This program, for which no funds are proposed in the budget, is a coordinated, Federal-State-local activity of great value for the fighting of major fires.		
With respect to certain administration initiatives, the committee notes that:		
i. As to a proposal to delete language relating to construction of the Bald Mountain Rd. in the Siskiyou National Forest, sec. 122 of the Omnibus Reconciliation Act of 1981 provided that none of the funds authorized to be appropriated thereby may be used for carrying out the road construction, and		
ii. The proposal to charge fees for the recreational use of the national forest system has, at least for the present, been withdrawn by the administration.		

I. VIEWS AND ESTIMATES ON PROGRAMS UNDER COMMITTEE'S JURISDICTION—Continued

	Fiscal year 1983 (millions)	
	Budget authority	Outlays
C. Programs authorized by the committee but funded in annual appropriations—Con.		
(a) Presidential initiatives—Continued		
(7) Soil Conservation Service:		
i. Resource conservation and development	−$1.2	—
The President's budget proposes a sharp reduction in funding for the resource conservation and development program as a step toward terminating the program altogether. However, Congress has shown its interest in furthering the program by adopting, in the Agriculture and Food Act of 1981, a rather detailed "charter" for the program. The committee recommends therefore, that the budget proposal of $10,312,000 be increased to the 1982 funding level of $26,000,000.		
ii. Great Plains conservation program	−2.25	—
As explained above with respect to the conservation programs of the Agricultural Stabilization and Conservation Service (ASCS), the need for conservation measures is acute and growing. One of the most successful remedial programs has been the Great Plains conservation program. The President's budget would significantly cut funding for the program. The committee recommends that funding be restored to the fiscal year 1982 level of $21,500,000.		
iii. Watershed planning	—	—
The committee notes with concern that funds for watershed protection and flood prevention are sharply cut in the President's budget, while funds for watershed planning are increased. Under the President's budget, there would be no new construction starts and Federal financial assistance for structures will be reduced. The committee understands that planning has been done for projects, which it now appears cannot be financed for as many as 10 years at present funding rates. With a backlog of this magnitude, the committee questions increasing planning funds but reducing the funds for the actual application of program measures.		
(8) Other programs	+376	—
The committee has no recommendations which differ from the President's fiscal year 1983 budget proposals for agencies and programs other than those discussed above. With respect to the proposed funding levels for Public Law 480 programs, the committee very reluctantly accepted the President's proposals out of concern for the overall budget situation, notwithstanding its conviction as to the need to strengthen efforts to export our agricultural commodities.		
(b) Committee initiatives:		
(1) Export credit revolving fund	+500 to +1,000	—
The committee recommends that this program, authorized by sec. 1201 of the Agriculture and Food Act of 1981, be funded at a level of between $500,000,000 and $1,000,000,000. Given the extraordinary depressed level of farm prices, desperately needed market assistance can be furnished by funding of this program to finance, through a revolving credit fund, the export of American agricultural commodities. The administration has made no proposal that this program be funded.		
(2) Conservation loans	—	—
The committee is concerned that the combined impact of low farm income and high interest rates may be discouraging agricultural producers from undertaking necessary conservation practices.		
Sec. 1520 of the Agriculture and Food Act of 1981 provides the Secretary with discretion to make loans available to producers through the Commodity Credit Corporation for resource conservation and environmental enhancement measures. The committee urges the Secretary to establish such a program and requests that it be funded at $50,000,000 in fiscal year 1983.		
An adjustment to the CBO baseline for CCC pursuant to this request has not been made, since it is assumed that such loan activity can be fully funded within the range of outlay estimates already provided for the Commodity Credit Corporation.		
(3) Special areas conservation grants	+10	—
Because of the pressing need to increase conservation practices referred to above, Congress, in Title XV, subtitle B, of the Agriculture and Food Act of 1981, authorized a special areas conservation program. It would be similar in nature to the Great Plains conservation program but would address critical erosion and related concerns in other areas of the country. The President's budget proposes no funding for the program. The Committee recommends that the program be funded at a $10,000,000 level so that a beginning may be made in this important undertaking.		
(4) Rural telephone bank	+30	—
The President's budget contains no funds for the purchase by the Federal Government of stock in the rural telephone bank. Federal assistance in capitalizing the bank results in greatly enhanced capacity for the bank to finance rural telephone systems which may then provide service at reasonable rates to rural users. The committee recommends funding of $30,000,000 for this purpose, a level consistent with that of recent years and only recently reauthorized by sec. 1607 of the Agriculture and Food Act of 1981.		

I. VIEWS AND ESTIMATES ON PROGRAMS UNDER COMMITTEE'S JURISDICTION—Continued

	Fiscal year 1983 (millions)	
	Budget authority	Outlays
C. Programs authorized by the committee but funded in annual appropriations—Con.		
(b) Committee initiatives—Continued		
(5) Office of Rural Development Policy	+$2	—
The committee recommends that funds for salaries and expenses for this office of $2,501,000 as proposed in the budget be reduced to $2,000,000. The committee's view is that the program development and strategy activities of this office can effectively be carried out at a lower level of funding than that requested.		
(6) Other legislation	—	—
The committee may propose legislation on various matters within its jurisdiction, but, except as otherwise indicated below, the proposals would have minimal impact on spending. The loan levels for Farmers Home Administration farm and rural development programs must be reauthorized for fiscal years 1983 through 1985, and the committee expects to propose legislation to extend the economic emergency loan program. These matters are discussed under the credit budget in format IV.		
Subtotal (a and b)	(−773 to +870)	—
Views and estimates total for programs under the committee's jurisdiction	$23,821 to 25,464	$28,833

II. VIEWS AND ESTIMATES ON OUTYEAR INITIATIVES

Committee's Major Programmatic Assumptions

B. Presidential outyear initiatives:

(1) Nutrition assistance programs

The President has in general terms proposed that responsibility for the food stamp program and the program for aid to families with dependent children be assigned to the States in return for assumption by the Federal Government of the medicaid program. The committee awaits the President's specific proposals; it is not disposed to approve any such proposition at this stage before a thorough review of the details.

(2) APHIS activities

The President's budget has proposed the elimination of several activities of the agency which the committee feels are crucial to farmers (see the discussion on this matter under format I). The President's proposals clearly contemplate actions which will have impact for years to come. For the reasons specified for its fiscal year 1983 recommendations for this agency, the committee does not support these proposals.

III. VIEWS AND ESTIMATES ON REVENUES

	Fiscal year (billions)—		
	1983	1984	1985
A. CBO baseline			
Revenue estimates			
B. Presidential proposals			
Sale of excess public property			

The President has proposed that certain Federal real property, including lands managed by the Forest Service, be sold if it is "of significantly higher value in private rather than in public use". The Committee has been unable to obtain any detailed information on this proposal from either the Agriculture or Interior Departments. In the absence of such details, the Committee at this time cannot support such a proposal.

IV. CREDIT BUDGET

[In millions of dollars]

Program		Fiscal year 1983	Comments
A. PRESIDENTIAL INITIATIVES			
(a) Agricultural credit insurance fund: [1]			At any time, adequate credit at reasonable interest rates is necessary for the farmers of the Nation to make their crops. In periods of economic distress—and we are now experiencing the most serious price distress in agriculture since the depths of the Great Depression—the very survival of many farmers depends on credit, pending arrival of the promised economic upswing. While the committee recommends adoption of the President's budget proposals for farm ownership and operating loans, it is concerned about a proposed ceiling of $1,540,000,000 on emergency disaster loans. This is a departure from the approach which has been followed, and which provided flexibility so that the program could adjust to meet the needs which natural disasters—always unpredictable—may create. While the committee adopts an estimate of $1,540,000,000 for this program, it emphasizes that this is only an estimate and is not to be construed as a limitation on program funding.
(1) Farm ownership loans:			
President's request	LA	$775	
Committee recommendation	LA	775	
(2) Farm operating loans:			
President's request	LA	1,510	
Committee recommendation	LA	1,510	
(3) Emergency disaster loans:			
President's request	LA	1,540	
Committee recommendation	LA	1,540	
(4) Soil and water loans to individuals:			
President's request	LA	31	
Committee recommendation	LA	31	
(5) Other loans:			
President's request	LA	12	
Committee recommendation	LA	12	
(b) Rural development insurance fund: [1]			One of the most successful governmental activities in terms of creating rural employment and economic well-being, has been the business and industrial (B. & I.) loan program, in conjunction with the water and waste disposal and community facility loan programs. The President's budget would eliminate funding for the B. & I. program, and would reduce funding for the complementary water and waste program. The committee recommends that funding for these programs be restored to fiscal year 1982 levels ($500,000,000 and $375,000,000 respectively). The committee notes that the B. & I. program involves only guaranteed loans and that there are no interest subsidies therefor. Further, the committee expects to propose legislation limiting B. & I. loans to applicants who cannot obtain sufficient credit elsewhere without assistance from the program.
(1) Water and waste disposal loans:			
President's request	LA	300	
Committee recommendation	LA	375	
(2) Community facility loans:			
President's request	LA	130	
Committee recommendation	LA	130	
(3) Business and industrial development loans:			
President's request	LA	—	
Committee recommendation	LA	500	
(c) Rural electrification and telephone revolving fund:			The President's budget proposes reductions in the level of insured electric and telephone loans, as well as in guaranteed electric loans, but it is phrased in terms of a single figure for each program. Both the committee and the appropriations committee have customarily expressed the funding levels in terms of ranges between a minimum required amount and a ceiling. The committee recommends that this approach be employed for fiscal year 1983, and that the ranges be as indicated. The committee notes that by statute, the REA lending programs are off budget and, further, that they are conducted through revolving funds. They include both insured and guaranteed loans, predominantly the latter. Given their excellent experiences, losses have been nominal and Federal costs largely reflect only interest subsidies.
(1) Insured electric loans:			
President's request	LA	625	
Committee recommendation	LA	850–1,100	
(2) Insured telephone loans:			
President's request	LA	75	
Committee recommendation	LA	250–325	
(3) Guaranteed electric loans:			
President's request	LA	3,615	
Committee recommendation	LA	4,600–5,760	
(4) Guaranteed telephone loans:			
President's request	LA	145	
Committee recommendation	LA	145	
(5) Rural telephone bank:			
President's request	LA	185	
Committee recommendation	LA	.85	
B. COMMITTEE INITIATIVES			
(a) Agricultural credit insurance fund:			The economic emergency loan program was originally authorized by the Emergency Agricultural Credit Adjustment Act of 1978 and has been extended through fiscal year 1982. It operates on a revolving fund basis and repayments are resulting in the continuing availability of a pool of funds. Since, in a most real sense, the current economic emergency afflicts the agricultural segment of the economy with no early prospects for its amelioration as discussed in our comments under the ACIF, the committee expects to propose legislation extending the program through fiscal year 1983 at a level ranging from $600,000,000 to $1,400,000,000.
(1) Economic emergency loans:			
President's request	LA	—	
Committee recommendation	LA	600–1,400	
(b) Other legislation	LA	*	While the committee may propose other legislation affecting programs under the credit budget, only the proposals discussed above will have a significant effect on program levels.

[1] Legislation must be enacted to reauthorize the spending levels for the Farmers Home Administration programs under this fund for fiscal years 1983 through 1985. The figures discussed are the levels proposed in the President's budget for fiscal year 1983.

DISSENTING VIEWS OF HON. SID MORRISON ON THE FOREST SERVICE BUDGET, USDA

The Agriculture Committee has honored the President's request by approving approximately $2.1 billion for Forest Service activities in fiscal year 1983. Although the dollar figure is the same as that requested, I believe the Committee moved in the wrong direction by reprograming funds from road construction to other areas within the Forest Service budget.

The Committee recommended that road construction funds be held at last year's level of $232.9 million rather than the $271.6 million requested, a $38.7 million reduction. It is immediately apparent that the Forest Service has lost purchase ability due to inflation. I might add that a majority of the roads yet to be constructed will likely cost more than previous roads due to the fact that they are to be a further distance from major transportation routes and located in areas of difficult terrain. Inflationary pressures and increased construction costs will result in fewer road miles per dollar investment than in the past.

Some will argue that roads should not be constructed today because we have a good deal of timber under contract but unharvested. I do not dispute the fact of the amount of unharvested timber, but we must be fully prepared for timber harvest activity in the future.

Long-term planning is essential in the timber industry. It is obvious that it takes many years to bring a tree from seedling to market. But we must also realize that it takes a great deal of time to bring a mature tree to market. It commonly takes 2 to 5 years from the time timber is sold until it reaches the end user. Cuts in road funds will delay this even further.

Can we afford such a delay? Those close to the industry soon expect an increase in demand for housing, which in turn calls for the harvest of trees prior to the sharp upturn in housing starts. More than 41 million people are turning 30 in the 1980's, and we must be ready to supply housing for these people. If roads are not permitted to be built, the forthcoming demand for housing will push wood product prices to levels which will prevent some from purchasing a home. Not only is the reduction in road funds of concern to those who will be purchasing a house in the years ahead, but it is of concern to the professional forester as well. Mr. Douglas MacCleary, Deputy Assistant Secretary at the USDA, has stated before the Senate that "we are presently losing unacceptably large volumes (of timber) to mortality and disease." It is advantageous to remove such timber, from a forest management standpoint. A cut in road funds would delay such activities.

Let me address each of the areas to which the road funds were reprogramed. Of the $38.7 million removed from the road construction budget, $12.2 million was added to the Timber Stand Improvement (TSI) program. I commend the addition of funds to this program because the TSI initiatives create jobs and are extremely beneficial in

regard to increased forest productivity. However, since road construction also creates jobs, and since unemployment is at such high levels, it is questionable if road funding should have been cut to provide a TSI increase.

Another $3.5 million was directed to the wood energy programs of the agency. Wood utilization by both industry and individuals has received a good deal of attention in recent years and I do not believe the Forest Service needs an additional $3.5 million to carry out wood promotion and utilization activities.

I commend the Committee for the $12 million addition to State and private forestry programs. What does concern me is the raiding of the road construction funds for these moneys.

The Committee also added $11 million to research. I am a strong supporter of forest research and research activities. But the addition of $11 million went beyond the funds that could be effectively used. The Forest Service provided the Committee with a list of 30 research programs that would be terminated. Of these, five will be completed this fiscal year, three are being merged into other research programs, and one is being taken over by a university. The remaining 21 may not prove to be economically viable. It is of interest to note that researchers themselves suggest cuts in forest research. The Extension Users Advisory Board supports the reduction in forest product research utilization, reductions in forest recreation research, wildlife habitat research, and other Forest Service research programs.

I do not mean to suggest that the programs to which budgetary increases have been made are unworthy of funding, but rather than reduce roads below their fiscal year 1982 levels in real terms, these programs should stand on their own and face the budget test. Congress encourages, and in fact mandates, that the Forest Service plan far into the future. The agency has recently supplied Congress with a draft of the mandated 1985 Resources Planning Act which will guide and shape forest and range management over the next 50 years. Congress must do similar planning to maintain National Forest for multiple use. Reducing road funds is a step backward from proper management and providing adequate timber supplies.

Supporters of the budget reshuffling suggest that these changes will create jobs. With the exception of the TSI program, I argue with this point. Additions to wood utilization, research, and State and private forestry programs may save some jobs, but they are not job-creating programs. Road construction, on the other hand, does put people back to work and provides a service to the forester, the outdoorsman, and the economy. If the goal is job creation, moneys should not be taken from construction, but construction should be encouraged.

I recommend that the President's budget for the Forest Service as outlined before the Committee be adopted.

SID MORRISON.

DISSENTING VIEWS OF HON. WILLIAM M. THOMAS

While joining my colleagues in commending the Chairman and other Members of the Committee for their consideration of the President's budget, I find the Committee proposals to be unrealistic in light of current conditions, and urge the Budget Committee to adopt the administration's original recommendations.

This Committee added some $300 million in budget authority to the administration's request. In addition, between $2 and $5 billion in lending authority was added for programs administered by entities such as REA and FmHA. These figures are troublesome in that their use in a "range" obscures the real issues involved in achieving necessary reductions in both Federal spending and Federal borrowing.

If the Committee is seriously seeking to narrow the gap between Federal revenues and outlays, the development of a "range" of expenditures does not appear to serve that goal. Particularly disturbing is the appearance of the recommended increases in budget authority, since the ranges represent increases over the administration budget while showing little effort to suggest compensating reductions. If other committees were to take the same approach, opportunities to reduce the deficit would be significantly reduced. I cannot support such a result.

The large lending authority increases suggested by the Committee present much the same problem. In view of the pressure placed on financial markets by Federal borrowing, dismissing these items as "off budget" is also unacceptable.

WILLIAM M. THOMAS.

SUPPLEMENTAL VIEWS OF HON. JOHN L. NAPIER

The record shows that I supported the levels of funding as recommended by the Committee on Agriculture. It is my view that funding levels for the Farmers Home Administration, the Rural Telephone Bank Capitalization, and the Rural Electrification Administration should be maintained at the levels recommended by the full Committee, and in no way should it be construed that I supported the lesser amounts.

JOHN L. NAPIER.

MINORITY VIEWS OF HON. WILLIAM C. WAMPLER, HON. PAUL FINDLEY, HON. TOM HAGEDORN, HON. E. THOMAS COLEMAN, HON. LARRY J. HOPKINS, HON. GEORGE HANSEN, HON. ARLAN STANGELAND, HON. PAT ROBERTS, HON. BILL EMERSON, HON. JOE SKEEN, HON. SID MORRISON, AND HON. COOPER EVANS

INTRODUCTION

We wish to commend the Chairman and those other Members of the Committee who voted to recommend and adopt several of President Reagan's budget recommendations in this report submitted to the Budget Committee. By agreeing with a large number of the proposals made by the President in the budget he forwarded to the Congress in February, we believe that the chances for a Congressional consensus proposal for the First Concurrent Budget Resolution are thus enhanced.

We are hopeful that the Budget Committee will report a First Concurrent Budget Resolution that the administration and the undersigned can support. If not, as has been true heretofore, we reserve the right to try to make changes in that resolution on the floor of the House.

We generally support the Committee's recommendations, except as noted herein, with the understanding that each Member may disagree in detail with some of the budget proposals made by the Reagan administration as well as those made by the Committee and those contained in these views. Individual Members reserve the right to differ on specific points and refine their positions as set forth in the budget recommendations contained in the Committee's report, as amended by these views, if they are adjusted or revised in the First Concurrent Budget Resolution or otherwise so translated into legislation for floor consideration.

THE UNIQUE FISCAL YEAR 1983 BUDGET SITUATION CALLS FOR A UNIQUE APPROACH

As noted in these views, we are subscribing to what we will refer to as a " "range" approach for several budget recommendations for fiscal year 1983. This should not be construed as indicating that we believe that the Budget Committee should adopt such an approach or that we would have occasion to ever adopt such an approach again. In point of fact, we have resisted the tendency to do this in the past for any program other than those involving entitlements where it is difficult to settle on any one particular figure. For instance, in the past we thought it was inappropriate for the application of a "range" to the food stamp program budget where a "cap" on spending was contained

in the authorization act and no legislative changes were contemplated that contained other than promises of reform of effected reductions in entitlements.

We consider that the uncertainty surrounding the fiscal year 1983 budget, possible tax repeal provisions and the high interest rates in effect, call for a unique approach. Therefore, in this particular instance for reasons, among others set forth below, we believe that a "range" approach to the budget is a valid one for fiscal year 1983.

First, it is our perception, from all we read and from all we hear, that President Reagan's budget will undoubtedly serve as a base for any changes or recommendations that may be made by the House Budget Committee or may otherwise appear in the First Concurrent Budget Resolution or any substitute thereto.

Second, there is great uncertainty this year as to what may occur on the revenue side of the Federal ledger for fiscal year 1983. Many are calling for the repeal of certain tax relief measures that were adopted in 1981—that provide individual tax relief and could otherwise possibly extend to inheritance tax and other relief—that would have an impact on farmers, producers, and the farm sector generally for fiscal year 1983. If tax relief to individuals such as farmers is repealed for fiscal year 1983, we would want to look at our recommendations for the U.S. Department of Agriculture from top to bottom to determine how we might want to change them to possibly offset the denial of tax relief otherwise promised in the Tax Incentives Act of 1981.

Third, we are concerned about the high interest rates that are currently in effect in this country. They are having a substantially adverse effect on farmers, producers, and the farm sector as a whole. We have difficulty understanding—when the Consumer Price Index (CPI) growth for 1981 has been reduced to 9.5 percent in 1981 and when the CPI for the first quarter of 1982 is running somewhere between 3.5 and 4 percent—why interest rates continue to remain high.

In 1980, we were told by various individuals that the reason for the high interest rates was that inflation was forcing them up. It appears to us that we have wrung a substantial amount of inflation out of the economy, and yet interest rates are hanging up there at a very high rate. Federal Reserve policies are now suggested as the reason.

The imposition by the Federal Reserve Board of a more severe policy on interest rates and money supplies during the Reagan administration than was true during the Carter administration puzzles us as I am sure it must puzzle others in the farm sector. Today we have an administration that is more fiscally conservative and has done much to reduce inflation; and, yet, the "independent" Federal Reserve imposes more restrictive policies than it did, let us say, from 1978 through 1980.

If some relief in high interest rates does not come in the very near future, we may want to examine the USDA budget again in such areas as the funding for Farmers Home Administration (FmHA) because we may then want to increase our recommendation to get some credit relief to farmers to plant and harvest their 1982 crops.

The thrust of our views thus is that we will be open to compromise as to the budget recommendations for the Department of Agriculture

as long as we see such things as tax relief continue to the farm sector in fiscal year 1983 and as long as we see some real relief in high interest rates in the near term.

"RANGE" APPROACH FOR BUDGET RECOMMENDATIONS FOR FISCAL YEAR 1983

These views are filed as a signal to the Budget Committee and others that we believe that it is somewhat premature for us in this Committee to lock ourselves into any specific recommendations on the budget proposal of this Committee except perhaps where there is general agreement in the Committee, and there are several, on the levels of the President's budget.

Even now legislation and cost re-estimates for fiscal year 1983 are being forwarded to the Congress from the administration concerning major parts of the fiscal year 1983 budget. For instance, under letter dated March 5, 1982, 2 days after the Committee by voice vote reported the Budget Report to the Committee on the Budget, the Committee on Agriculture was advised by the Director, Office of Management and Budget, of re-estimates of Commodity Credit Corporation outlays expected by the administration for fiscal years 1982 and 1983 (see copy of such letter, attached as appendix A). Certain draft legislation on which the President's budget is predicated is only now being introduced.

Furthermore, there appeared to be general agreement among all Members of this Committee that it was premature to settle on a firm figure for the food stamp program, inasmuch as we have not yet received from the administration their draft legislative proposals on how to achieve the proposed program savings that could range up to $2.2 billion for fiscal year 1983. Thus a "range" budget proposal for the food stamp program was agreed to, that used the Congressional Budget Office current services cost estimate for fiscal year 1983 as an upper limit and a "floor" that incorporates fiscal year 1983 program savings that could be achieved by a variety of benefit reductions that were proposed by the administration.

Moreover, requests have been made by Members of the Committee to the Secretary of Agriculture, including those of us signing these views, requesting his reactions to legislative proposals and the statistical backup and data to cost-out certain alternative options on food stamp proposals. The latter information has not yet been received.

Thus, there was general agreement that a so-called "range" recommendation would be made by the Committee, between a so-called ceiling and floor of program costs, as respects the budget proposal for the food stamp program which, by the way, comprises a large percentage of the USDA budget for fiscal year 1983, as it has in prior years.

Many of us consider that in this year of great controversy and anguish over the budget deficit projected by the administration and discussions as to how budget deficits might be reduced by the Congress (while at the same time recognizing that we are in the midst of a recession, the second within 2 years, with substantial unemployment in the first half of fiscal year 1982) that there was much to recommend the application of the so-called "range" concept to the remainder of

the budget proposals where the majority of the Committee had somewhat divergent views and recommendations from those proposed by the administration. The result of recommending specific increases could no doubt be to increase the Federal deficit for fiscal year 1983 unless the Budget Committee can find offsetting savings elsewhere in the budget.

The only proposed budget in existence at this time is that of President Reagan. We will be frank to admit that it has been subjected to considerable criticism, and we are also frank to admit that the undersigned themselves in varying degrees and on specific items do not embrace the President's budget as it was submitted.

It is a rare instance in fact when a President s budget is adopted by the Congress as submitted, and certainly a review of the Presidential budgets submitted over the last few years will bear that out. We might add that this can be a healthy process—if care is taken to not carry it to extremes that result in increasing deficits, or if Congress avoids a confrontation with the Executive that may only be detrimental to the public interest.

The controversy and seeming conflict that have accompanied the submission of President Reagan's budget to the Congress for fiscal year 1983 in February of this year has the potential to initiate a conflict, if it has not done so already, between those with ideological, politically partisan and other differences such that if continued and heightened will not serve the public interest and particularly that may be true of the farm sector.

Accordingly, we believe a "signal" should be given to the Budget Committee and the public as a whole that there is room for a compromise in the Federal budget for 1983, that criticism of the President's budget without offering a comprehensive alternative may be said to be premature. We believe that arriving at a First Concurrent Budget Resolution with a deficit that is lower than that offered by President Reagan is going to take considerable work and considerable courage on the part of many of us here in the Congress. We, therefore, wish to recommend a budget proposal that uses the administration's budget as a base (and as noted there apparently is no disagreement in the Committee with many items in the administration's USDA budget) and the higher budget recommendations of the Committee for certain programs as an upper limit.

However, we want to make it crystal clear to the Budget Committee and the public at large that we want the farm sector treated fairly in the 1983 budget that is agreed to here in the Congress. We do not want the cuts and savings that are reflected in the 1983 budget to fall on the "backs" of, or unfairly on, farmers, producers or the farm sector as a whole.

THE ADMINISTRATION'S FISCAL YEAR 1983 BUDGET IS AUSTERE BUT HIGHER THAN FISCAL YEAR 1982

The President states that his budget for fiscal year 1983 represents a continuation of the effort to bring the spending and lending activities of the Federal Government under control and proposes the lowest annual budget growth rate since fiscal year 1969. From a peak of over

17 percent in fiscal 1980, the growth rate has been reduced to 14 percent in 1981, and is projected by the administration to fall to 10.4 percent in 1982. The President's fiscal year 1983 budget would further reduce the rate to 4.5 percent.

Despite the efforts to reduce the costs of government the administration's deficit for fiscal year 1983 is forecast above $90 billion (see table below). However, the tax burden in fiscal year 1983 is reduced as a percentage of gross national product (GNP) (19.4 percent) as is the deficit as a percentage (2.7 percent) of GNP (see table below).

PRESIDENT'S BUDGET PROPOSALS—SUMMARY

[In billions of dollars]

	1981 actual	1982 estimate	1983 estimate	1984 estimate	1985 estimate
Receipts	599.3	626.8	666.1	723.0	796.6
Outlays	657.2	725.3	757.6	805.9	868.5
Surplus or deficit (-)	−57.9	−98.6	−91.5	−82.9	−71.9
Budget Authority	718.4	765.5	801.9	858.0	943.5
Gross Federal debt	1,003.9	1,134.2	1,258.4	1,372.8	1,486.1

BUDGET AND THE GROSS NATIONAL PRODUCT, 1975–85

Fiscal years	Gross National Product (billions)	Percent of GNP		
		Budget receipts	Budget outlays	Surplus/ deficit (−)
1975	$1,479.9	18.9	21.9	−3.1
1976	1,640.1	18.2	22.2	−4.0
1977	1,864.1	19.1	21.5	−2.4
1978	2,083.8	19.2	21.5	−2.3
1979	2,353.3	19.7	20.9	−1.2
1980	2,567.5	20.1	22.5	−2.3
1981	2,858.6	21.0	23.0	−2.0
1982, estimate	3,082.4	20.3	23.5	−3.2
1983, estimate	3,433.6	19.4	22.1	−2.7
1984, estimate	3,791.9	19.1	21.3	−2.2
1985, estimate	4,163.5	19.1	20.9	−1.7

Source: Office of Management and Budget.

Necessary and desirable as they may be, changes of the magnitude proposed in the administration's budget cannot be achieved in a painless way. The transition from an evergrowing Federal fiscal presence with Federal expenditures and credit activities spiralling to a situation where such growth is constrained and moderated requires reassessment of the appropriate Federal role in many areas, and reduction of Federal participation in numerous programs that have benefited from increasing government support in recent years. This is not an easy task for the administration, the Congress, or the recipients of such benefits.

The results of this basic turn-around in Federal fiscal policy are causing some difficult adjustments in the short-term, and the entire effort is further complicated by the current recession coming on the heels of a recession in 1980. During the past year, however, we have seen the first significant downturn in inflation since 1976. The Consumer Price Index, which grew at a rate of 12.5 percent from the fourth quarter of 1979 to the fourth quarter of 1980, registered a much smaller increase of 9.5 percent in 1981. Interest rates, which had increased stead-

ily since the late 1970's, peaked at a prime rate of 20.5 percent last year, and, although still erratic and high, show promise for reduction over the long term, having recently decreased to 16 percent.

Prospects for economic recovery this year are good, according to the Congressional Budget Office, but we share the widespread concern over the projected size of the Federal deficit. As pointed out in the President's budget, total Federal credit demand, including the budget deficit, off-budget borrowing, guaranteed loans, and federally sponsored borrowing soared from $79 billion in 1977 to $142 billion in 1981. During 1981, Federal credit demands accounted for 35 percent of all funds raised in U.S. credit markets.

The President's budget projects net direct and guaranteed Federal lending to decrease by 6 percent in 1983, compared to average growth rates of 21 percent a year between 1977 and 1981. As noted earlier (see table), the administration also points out that the projected fiscal year 1982–85 deficits, while large in absolute terms, are projected to be smaller as a share of Gross National Product.

We support the basic goals and objectives of the President's budget proposals for fiscal 1983, but at the same time have some reservations concerning specific spending and credit recommendations. The agricultural economy is in serious distress at this time, with little apparent hope for significant recovery this year. Low farm prices, high interest rates and continuing increases in production costs are likely to result in another year of low net income levels. These conditions are creating an extremely difficult financial situation for many farmers and producers. Federal fiscal targets must take into account the likelihood of increased costs for the farm sector, especially through the operations of the Commodity Credit Corporation because of this situation.

We generally concur with the views and estimates of Federal expenditures and credit activities arrived at by this Committee. We believe for instance, that there is little probability that the Congress will accept the total reductions proposed in the agricultural conservation program, and the forestry incentives, water bank, emergency conservation and Great Plains programs. The substantial reductions proposed for the programs of the Animal and Plant Health Inspection Service, including the major reduction in the brucellosis program, are also unlikely to be approved as submitted. Because of the pressing need to facilitate agricultural exports, we join in recommending funding for the Export Credit Revolving Fund, authorized in the 1981 farm bill.

In these and other areas described below, however, the final level of Federal fiscal obligation is subject to many uncertainties, making it extremely difficult for this Committee to make accurate estimates. For this reason, we recommend that in those areas where there are significant differences between the President's budget proposal and the Committee estimates, these differences be expressed in a range, rather than a specific figure.

COMMODITY CREDIT CORPORATION

In the President's budget, estimates for CCC outlays for farm price supports and related programs totaled $6.3 billion for fiscal year 1982 and $1.85 billion for fiscal year 1983. The Congressional Budget Office estimated such outlays at $11.4 billion and $7.4 billion respectively.

The CBO estimates exceeded those of the administration by $5.1 billion in fiscal year 1982 and $5.6 billion in fiscal year 1983. In a March 5 letter from the Director of OMB (see appendix A), those differences were discussed and explained, as noted in pertinent part below:

> Because these major amendments to the farm program were not signed into law until December 22, 1981, the Department of Agriculture was not able to announce major discretionary program decisions until January 29, 1982. The uncertainty in the law governing the agricultural commodity programs, together with the lack of new world supply-demand data (published on February 11, 1982), precluded revision of the CCC estimates in time for publication of the budget on February 8.

The letter includes preliminary re-estimates of CCC outlays for fiscal years 1982 and 1983 in the amounts of $10.5 billion and $6.8 billion respectively.

Because of the uncertainties involved in making these estimates (weather, production, exports, et cetera) we recommend that the Budget Committee consider a range of costs, from the administration's current re-estimate of $6.8 billion for fiscal 1983, to the CBO projection of $7.4 billion.

FOOD AND NUTRITION SERVICE

We concur with the Committee's recommendation of a range in the cost of the food stamp program, in effect, from the President's request of $9.5 billion to the CBO baseline of $11.7 billion (excluding the block grant for Puerto Rico in the amount of $825 million for fiscal year 1983) reflecting possible program savings of $0 to $2.2 billion. The Committee rationale for this action during markup was as follows (see appendix B):

> Since the Committee will be reauthorizing the Food Stamp Program for Fiscal Year 1983, and beyond, and clearly will make some changes in the program, but, as yet, has not received the Administration's detailed legislative proposals, no specific level of funding is recommended. Instead the Committee supports a range of figures between the CBO current services baseline and the sums requested by the Administration.

Therefore, we support that recommendation to the Budget Committee. However, we are concerned about some of the proposals offered in the administration's fiscal year 1983 budget to achieve the savings of $2.2 billion.

In particular, we are concerned about whether those proposals may create undue hardships for the working poor, the disabled, and the elderly as opposed to other proposals that might have less effect.

The administration has indicated a willingness to consider alternatives to these proposals. With this in mind, some of the alternatives have been forwarded to the Department of Agriculture for comment and costing estimates.

It is important to remember that last year, through the Reconciliation Act and the farm bill, an estimated $2.3 billion was saved in the food stamp program for 1982 and an estimated $2 billion for 1983. The program was restructured so that those truly in need would continue to receive benefits.

There are still areas in the program that appear to provide opportunities for revision and reform—such as an increased use of methods

of electronic funds transfer. We will be carefully considering these and other possible changes in the food stamp program so that waste, fraud and abuse can be eliminated and benefits delivered to those in need.

While we agree with the savings projected for the CSFP program, we consider that it is appropriate to defer any action on elimination of CSFP until hearings are held on this issue and all questions answered.

The proposals concerning consolidation of nutrition assistance for the territories, the continuation of the block grant for food assistance for Puerto Rico, and the food donations program are proposals contained in the administration's budget with which we are in general agreement.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The administration's budget proposes a 58 percent reduction in funding for programs of the ASCS, including consolidation of the agricultural conservation program, the emergency conservation, water bank and forestry incentives programs, with a combined funding total of $56 million. This is about 25 percent of the current fiscal year 1982 level of $220.1 million. The Committee recommends retaining those programs at the fiscal year 1982 levels.

We recommend an expenditure range for ACSC programs, from $118 million in the President's budget to $282 million as recommended by this Committee.

We wish to point out that these funds are directed to farmers and producers—the productive side of the economy that contributes so heavily to our balance of payments, our abundant supply of food and fiber, et cetera. It is not in the Nation's long term interests to cut these programs so excessively that it adversely affects the natural resource underpinning of our farm sector.

AGRICULTURAL RESEARCH AND EXTENSION

We commend the action in the President's budget increasing overall funding for agricultural research. However, we do not concur with the action taken in the administration's budget to expand research programs at the Federal level, while at the same time, in effect, reducing funding of formula grants to conduct agricultural research and extension at the State level. Moreover, this Committee and the Congress in Title XIV of the 1977 and 1981 farm acts clearly established as national policy the strengthening of the formula grant system as the base system to expand agricultural research and extension during the coming decade.

In light of the foregoing the Committee recommended no overall increase in research and extension funds beyond the President's fiscal year 1983 budget but did recommend a reduction in low priority and certain specific federally directed research projects in the Agricultural Research Service and in the competitive agricultural research grant program and the transfer of these funds to the Cooperative State Research Service and the Extension Service to be used to strengthen or

restore State formula grant programs which were either reduced or held at previous year levels in the fiscal year 1983 budget.

The Ranking Member of the Committee intends to make specific recommendations for the reordering of priorities on this matter, as noted above, to the House Appropriations Committee.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The administration's budget request included net reductions of $50 million for this agency, involving reductions in such programs as brucellosis eradication, gypsy moth, fire ant, pink bollworm, and others. The Committee recommends funding at the fiscal year 1982 levels for the programs proposed for reduction or elimination in the President's budget, while retaining the proposed increases in fiscal year 1983 for the screwworm and other programs. This would result in a net increase of $58 million above the Presidents' budget.

We recommend an expenditure range for APHIS programs, from $227.5 million in the President's budget to $285.6 million as recommended by this Committee.

Here again we must admonish our Budget Committee colleagues that curtailment of several of these APHIS programs may entail increases in pest infestations that may have a tremendous adverse impact not only on farmers and producers, but on processors, retailers and consumers. We have only to refer you to the problems encountered last year with the Mediterranean fruit fly.

FARMERS HOME ADMINISTRATION

Authority for the economic emergency loan program was extended through fiscal year 1982 in the 1981 farm bill. The administration request includes no provision for funding this program. The Committee recommended lending authority levels in a range of $600 million to $1.4 billion in the event it is reauthorized for fiscal year 1983.

The Committee recommends a lending authority level of $375 million for water and waste disposal loans, compared to the administration request of $300 million for fiscal year 1983.

The Committee also recommends lending authority of $500 million for business and industrial development loans, compared to the administration's proposal to eliminate funding for this program.

We agree that additional funds beyond those provided in the administration's budget will probably be needed in fiscal year 1983. We differ somewhat, even among ourselves, on the level of funding that should be provided for each program. However, we recommend a lending authority range for these programs from the administration's requested levels up to an additional $1.975 billion in lending authority.

RURAL ELECTRIFICATION ADMINISTRATION

This Committee recommended lending authority for insured electric loans in a range of $850 million to $1,100 million, compared to the administration's request of $625 million.

For insured telephone loans, the Committee recommended lending authority in a range of $250 million to $325 million rather than the administration's request of $75 million.

For guaranteed electric loans, the Committee recommended lending authority in a range of $4.6 billion to $5.7 billion, rather than the administration's request of $3.6 billion.

In addition, the Committee recommended $30 million for capitalization of Rural Telephone Bank, rather than the administration's request for no funding for this purpose in fiscal year 1983.

We recommend that the lending authority range for these programs extend from the administration's proposed figure in each case to the maximum recommended by this Committee, which would total roughly $2.8 billion in additional lending authority.

The REA guaranteed loan program is handled through the Federal Financing Bank and therefore is off-budget. A diminution of funding for the REA generation and transmission purposes in fiscal year 1983 could have a cumulative adverse effect in the out-years; and, therefore, caution is dictated in cutting these funds.

SOIL CONSERVATION SERVICE

The President's budget recommended reduced funding for the resource conservation and development program at a level of $10.3 million for fiscal year 1983. This Committee recommended retaining funding at the fiscal year 1982 level of $26 million.

The Great Plains conservation program would be reduced to $15.3 million in fiscal year 1983 under the President's budget proposal. This Committee recommended retaining the fiscal year 1982 funding level of $21.5 million.

We recommend a funding range for these programs up to an additional $21.9 million above the President's request.

OTHER LENDING PROGRAMS

This Committee recommended funding authority for the Agricultural Export Credit Revolving Fund in a range from $500 million to $1 billion. Due to the serious condition of the agricultural economy and the need to facilitate exports, we believe that provision of lending authority is both important and necessary. We trust the Committee on the Budget will note the strong interest in obtaining funds to activate this revolving fund.

All of the undersigned recently sent a letter to the Secretary of Agriculture recommending the funding of the Agricultural Export Credit Revolving Fund utilizing a variety of funding mechanisms. We recommend, for example, that $250 million in seed money be provided through appropriations and that other matching funds be obtained from other sources we specified. His report on our recommendations is awaited. Meanwhile, we recommend funding for the Agricultural Export Credit Revolving Fund in an amount ranging from $250 million to $1 billion.

This Committee also recommended an additional $50 million in lending authority for the storage facility loan program in fiscal year 1983. Since it is difficult to determine precisely how much will be needed, we recommend a range in this case, from the President's request up to $50 million additional.

The President's budget for programs within the jurisdiction of this Committee represents the administration's view of priorities in these areas, which, as we noted earlier, does not necessarily coincide with the priorities of the Members of this Committee or those of the Congress. We commend the President for his efforts to develop a budget proposal that conforms with the need for fiscal restraint while attempting to protect and strengthen those Federal activities that have proven to be both productive and necessary in the areas of food and agriculture.

In other words, while the President's USDA budget is austere, it is a farm and producer-oriented budget. The overall increase in agricultural research, for example, as well as those recommended increases in farm operating loans and export marketing activity, among others, are priorities with which we fully concur. We do have some concern, however, in other areas as noted above, and we reserve the right to make further recommendations for program and budgetary adjustments in these areas as the full implications and ramifications of the President's proposals become more evident and as the provisions in the Budget Committee's First Concurrent Budget Resolution can be analyzed and examined in detail and compared with the President's budget.

It is difficult at this time, on the basis of the limited information available to us, to make reasonable and prudent budgetary estimates in some of these areas, and it is for this reason, among others, that we recommend the range approach for many of them. This may not make the work of the Budgetary Committee any easier, of course, but we believe that given the uncertainty surrounding the budget for Fiscal Year 1983, it represents a responsible approach to the problem of making the Congressional budget process a meaningful and useful effort.

We believe the American people want a First Concurrent Budget Resolution that realistically addresses the fiscal problems besetting this country. If compromise is necessary to achieve that end, we are sending the message to the Budget Committee that we are willing to participate in those proceedings.

We do not believe the American people will be served by needless conflict between the Congress and the administration to resolve the Fiscal Year 1983 budget issues, the passage of an inconclusive First Concurrent Budget Resolution, or several "Continuing Resolutions" in fiscal year 1983.

BILL WAMPLER.
TOM COLEMAN.
GEORGE HANSEN.
COOPER EVANS.
PAT ROBERTS.
JOE SKEEN.
SID MORRISON.
BILL EMERSON.
LARRY J. HOPKINS.
TOM HAGEDORN.

APPENDIX A

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., March 5, 1982.

Hon. WILLIAM C. WAMPLER,
U.S. House of Representatives,
Washington, D.C.

DEAR BILL: As noted in the President's Budget, the Commodity Credit Corporation estimates for fiscal year 1982, fiscal year 1983 and outyears were based on information used by the Congress last December during consideration of the Agriculture and Food Act of 1981.

Because these major amendments to the farm program were not signed into law until December 22, 1981, the Department of Agriculture was not able to announce major discretionary program decisions until January 29, 1982. The uncertainty in the law governing the agricultural commodity programs, together with the lack of new world supply-demand data (published on February 11, 1982), precluded revision of the CCC estimates in time for publication of the budget on February 8.

The Department of Agriculture has just completed a preliminary re-estimate of CCC outlays during fiscal year 1982 and fiscal year 1983. Although we plan to submit budget re-estimates to the Congress in April pursuant to law, the magnitude of the anticipated change in the CCC estimates is such that I wanted to bring it to your attention immediately.

The enclosed letter from the Secretary of Agriculture presents the new estimates and provides an explanation of the circumstances that led to such a large increase in such a short time.

We will continue to refine these estimates in the time remaining before submission of the official re-estimates in April. As whether, economic, and commodity market conditions change, we anticipate possible further adjustments, though at this point it is impossible to predict whether outlays will be above or below the estimates in the enclosure.

I am certain that my office and the Department of Agriculture stand ready to respond to any questions you may have concerning these estimates.

Sincerely,

DAVID A. STOCKMAN,
Director.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., March 3, 1982.

Hon. DAVID A. STOCKMAN,
Director, Office of Management and Budget,
Washington, D.C.

DEAR MR. STOCKMAN: We are writing to inform you of the Department's recently updated outlay estimates for the Commodity Credit Corporation (CCC) for fiscal year 1982 and fiscal year 1983. (Summary table enclosed.) We know these re-estimates will not be pleasant news, but we felt you needed to have the most accurate and up to date information on where we stand on these outlays.

As you know, the CCC estimates contained in the President's January Budget were based largely on the estimates used during the development of the new farm bill. The fiscal year 1982 outlays are primarily associated with the 1981 crops which, with the exception of dairy, were administered under the authorities of the Food and Agriculture Act of 1977. The fiscal year 1983 outlays contained in the budget were based on August agricultural supply-demand estimates and did not take into account the final 1982 crop program decisions, which had not been made at the time the budget was printed. We indicated to your staff and to Congressional committees that soon after the presentation of the January budget the Department would provide re-estimates of CCC outlays based on more recent supply and demand conditions as well as the final 1982 program decisions.

Estimating CCC outlays is difficult and complicated. The error range is always quite large due to the uncertainties of weather and economic conditions in the United States and throughout the world. These forces combined this year to push the estimates considerably higher than those earlier included in the budget. The major reason for the increase is that we have larger crop and dairy supplies than previously anticipated. Record acreage planted for 1981 crops, and excellent growing conditions, have resulted in crop production more than 15 percent above the 1980 levels. Total production of wheat, feedgrains, and soybeans was up almost 2.7 billion bushels from the drought-damaged 1980 crop. Upland cotton production was the highest in 28 years. At the same time, demand has been sluggish, largely because of poor economic performance in the United States and abroad and the generally high level of agricultural production worldwide.

To a large extent, these conditions, particularly on the supply side, were not foreseen last August. The August crop report does not give us a very accurate fix on the size of the feedgrain, cotton, rise and oilseed crops. We have also not seen the anticipated downturn in milk production. (A summary of the supply/demand changes since August is enclosed.) Moreover, since the Farm Bill had not passed, we could not be certain of the authorities we would have, and therefore, could not accurately formulate all the program assumptions necessary to update the outlay estimates.

In a few days the Department will provide your staff with more information on these estimates. It is possible that the more detailed staff work will result in some minor refinements to the figures in the

enclosed table. We felt that we should not delay providing these basic figures because of the magnitude of the changes and the obvious need to provide this information to everyone involved as soon as possible.

Sincerely,

RICHARD E. LYNG,
Acting Secretary.

Enclosures.

ESTIMATED CCC OUTLAYS

[By fiscal years, in millions of dollars]

	1982	1983
Feed grains and products	$4,718	$2,077
Wheat and products	1,475	863
Rice	179	110
Upland cotton	963	79
Tobacco	−95	19
Dairy	1,980	1,804
Soybeans	−17	−15
Peanuts	43	2
Sugar	−8	0
Wool	51	63
Subtotal	9,217	5,002
Emergency feed program	40	0
Export credit	−536	−152
Storage facilities	−174	−269
Net interest	1,122	1,463
CCC administrative	317	321
Rescheduled guaranteed loans	143	0
Change in working capital	−61	0
All other	−4	−15
Subtotal	847	1,348
Contingencies [1]	400	400
Total CCC outlays	10,464	6,750

[1] Unforeseen loan forfeitures and unexpected increases in deficiency payments.

SUMMARY OF CHANGES IN THE SUPPLY/USE ESTIMATES FROM AUGUST TO FEBRUARY

Wheat, feed grains, upland cotton, and dairy are the major commodity components of the total CCC outlays. Together, they account for 90 percent of the fiscal year 1982 outlays, and 80 percent of the fiscal year 1983 outlays.

Wheat

1981 production rose from 2747 mil. bu. projected in August to 2793 mil. bu. estimated in February.

Projected 1981-crop ending stocks rose by 29 mil. bu.—from 1033 mil. bu. estimated in August to 1062 mil. bu. estimated in February.

Projected 1981-crop farm price fell by 15 cents—from $3.85 projected in August to $3.70 projected in February.

Farmer-owner reserve at end of fiscal year 1982 is projected at 620 mil. bu. now—35 mil. bu. higher than projected in August.

Deficiency payments on 1981 crop were $394 million rather than the $470 million projected in August.

1982 production is now projected at 2675 mil. bu., 165 mil. bu. higher than projected in August.

1982-crop ending stocks are projected at 1064 mil. bu., 78 mil. bu. higher than projected in August.

Farmer-owned reserve is projected at 632 mil. bu. by the end of fiscal year 1983, 102 mil. bu. higher than projected in August. Reserve loan rate is 15 cents higher.

Season average price for the 1982 crop is 55 cents lower, $4.45 in August compared to $3.90 in February.

Deficiency payments of $325 million are now projected for the 1982 crop; none were projected in August.

Feed Grains

1981 corn production rose from 7735 mil. bu. projected in August to 8201 mil. bu. estimated in February.

Corn ending stocks are 749 mil. bu. higher—1277 mil. bu. projected in August compared to 2026 mil. bu. in February.

Farmer-owned corn reserve is 875 mil. bu. larger by the end of fiscal year 1982—375 mil. bu. projected in August compared to 1250 mil. bu. projected in February.

Season average price for corn is 40 cents lower ($2.85 in August compared to $2.45 in February) for the 1981 crop.

Deficiency payments on 1981-crop sorghum and barley are $231 million higher than were projected in August.

1982 corn production is 271 mil. bu. lower because no acreage reduction program was assumed in the August analysis.

Projected corn ending stocks of the 1982 crop are 1028 mil. bu. higher than projected in August—2325 mil. bu. now projected.

Average farm price for corn is 60 cents lower ($2 60 compared to $3.20) for the 1982 crop.

Farmer-owned corn reserve is 1 bil. bu. larger by the end of fiscal year 1983—500 mil. bu. projected in August compared to 1500 mil. bu. projected in February.

Deficiency payments on the 1982 crop of corn, sorghum, and barley of $528 million were projected in February; none were projected in August.

Upland Cottan

1981 production is 900,000 bales higher—14.7 mil. bales projected in August compared to v. 15.6 mil. bales in February.

1981 ending stocks are 1.7 million bales higher.

Deficiency payments of $480 million were projected in February for the 1981 crop; none were projected in August.

Loan carryout is 1.2 mil. bales higher, and net lending for fiscal year 1982 is $300 million higher than projected in August.

1982-crop production is 500,000 bales lower because the 15-percent acreage reduction program was not assumed in August.

Projected 1982-crop ending stocks are 900,000 bales higher.

Deficiency payments of $330 million are projected for the 1982 crop; none projected in August.

Repayments of 1981-crop loan carryover caused net lending to be $205 million lower than projected in August.

Dairy

1981/82 marketing year cow numbers up by 370,000 to 11.0 million; output per cow up by 200 pounds since the August estimates.

Milk production up by 5 bil. lb. in 1981/82 from the August projection.

1981/82 net removals up by 4.8 bil. lb. because consumption was not changed from the August estimate.

1982/83 marketing year milk production up by 6.5 bil. lb. from the August projection.

1982/83 net removals up by 8.3 bil. lb. from the August projection.

APPENDIX B

VIEWS AND ESTIMATES ON PROGRAMS UNDER COMMITTEE'S JURISDICTION

[In millions of dollars]

	Fiscal year—		
	1983	1984	1985
C. PROGRAMS AUTHORIZED BY THE COMMITTEE BUT FUNDED IN ANNUAL APPROPRIATIONS			
Committee's Major Programmatic Assumptions			
(a) Presidential initiatives:			
(1) Food stamps:			
CBO baseline (excluding Puerto Rico):			
Budget authority	$11,743	$12,147	$13,125
Outlays	11,718	12,137	13,101
Budget authority	0 to −2,212	0 to −2,410	0 to −3,117
Outlays	0 to −2,155	0 to −2,405	0 to −3,099
The President has proposed several major changes in the food stamp program as part of his fiscal year 1983 budget, all of which, taken together, are calculated to save $2,800,000,000 of which $600,000,000 will be offset by the impact upon the program from reductions in AFDC and SSI benefits.			
Since the committee will be reauthorizing the food stamp program for fiscal year 1983, and beyond, and clearly will make some changes in the program, but, as yet, has not received the administration's detailed legislative proposals, no specific level of funding is recommended. Instead the committee supports a range of figures between the CBO current services baseline and the sums requested by the administration.			
(2) Nutrition assistance for the territories (food stamp portion):			
CBO baseline:			
Budget authority	45	46	49
Outlays	44	45	48
Budget authority	−11	−12	−15
Outlays	−10	−11	−14
The President has proposed to provide nutrition assistance grants to the territories which combines food stamps with other nutrition programs in 1 block grant.			
The committee endorses this proposal.			
(3) Commodity supplemental food program:			
CBO baseline:			
Budget authority	31	32	34
Outlays	31	32	34
Budget authority	0 to −31	0 to −32	0 to −34
Outlays	0 to −31	0 to −32	0 to −34
The President has proposed to transfer WIC and the commodity supplemental food program to the Department of Health and Human Services as part of a block grant for services to women, infants, and children, at an overall reduction for both programs of $282,000,000.			
The committee supports a range between the block grant and continuation of this program at current services, including an additional $900,000 for the 2 elderly demonstration projects, 1 in Detroit, Mich., and the other in New Orleans, La., which have not yet begun.			
(4) Nutrition assistance to Puerto Rico:			
CBO baseline:			
Budget authority	825	825	825
Outlays	825	825	825
Budget authority			
Outlays			
The President proposes and the committee supports the continuation of the block grant for nutrition assistance for Puerto Rico which was mandated in the Omnibus Budget Reconciliation Act of 1981.			
(5) Food donations program:			
CBO baseline:			
Budget authority	49,785	51,816	55,217
Outlays	49,025	51,211	54,204
Budget authority	+4	+5	+6
Outlays	+5	+6	+7
The President proposes an increase in funding because of the establishment of a food distribution program for low-income Indian households in the State of Oklahoma. The committee agrees.			

The Committee awaits the President's specific proposal on the projected swap of food stamps and AFDC for Medicaid between the states and the Federal Government, but is not disposed to approve any such proposition at this stage before a thorough review of the details.

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